31 July 2026

Our Ref: 772676
Your Ref: PINS Appeal Reference is 6004972

Richborough
Fivefields,
8 – 10 Grosvenor Gardens,
London,
SW1W 0DH
For the attention of Mr N Banks and Mr Owen Weaver

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Dear Sirs,

LAND TO THE NORTH OF LITTLE GREEN LANE, CROXLEY GREEN, WD3 3SP

Introduction

We have been instructed by Richborough to provide commentary on the submission of Mr Roy Pinnock, Head of Planning at Dentons, on behalf of Three Rivers District Council (TRDC) in relation to the Land North of Little Green Lane, Croxley Green appeal (Ref. 6004972). The evidence of Mr Pinnock relates to the proposed Section 106 Mortgagee Exclusion Clause (MEC) and, specifically, whether the moratorium period should be 5 months (Council's position) or 3 months (Appellant's position).

Mr Pinnock advises that in a distressed sale of affordable housing the procedure involves several stages:

1. Preparing sale particulars and tender documents.
2. Allowing potential Registered Providers ('RPs') time to prepare bids.
3. Evaluating bids.
4. Contract negotiations and due diligence.
5. Exchange and completion.

Mr Pinnock advises that based on previous submissions, these steps could take approximately 19-23 weeks (5-6 months) in total. Therefore, Three Rivers Council considers a 3-month period unrealistic, particularly where 300 affordable homes are involved. Mr Pinnock acknowledges that Parliamentary evidence has recognised that some housing associations have experienced serious financial difficulties or come close to insolvency however does not provide examples of where the MIP has been exercised.

I should advise that even before my commencement as a valuer of affordable housing in 1996 the MiP has rarely, if ever, been exercised. Housing Associations apply for assistance from other Housing Associations in advance of becoming 'insolvent', where the Bank takes possession, therefore the MIP is predominantly aligned to loan finance rather than a real scenario where the Housing Association goes insolvent. An example of this is where Shepherds Bush Housing Association ('SBHA'), following a "breach of economic standards", was incorporated by The Guinness Trust in March 2025. The issues at SBHA had been identified by The Regulator of Social Housing ('RSH') before January 2025 who had downgraded the provider for non-compliance of the Governance and Financial Viability Standard. The RSH addresses financial and governance issues among housing associations through strict monitoring, enforcement actions, with recent rulings against non-compliant providers like Aves Housing and Easy Housing Association and intervenes.

Social Housing Regulator Role

In the event a Housing Association is in financial difficulties and is unable or unwilling to improve, the RSH exercises its statutory power to forcibly restructure the organisation's leadership. The RSH can intervene, prior to a mortgagee in possession, as follows:

- Under Section 269 of the Housing and Regeneration Act 2008, the RSH can directly appoint independent sector experts, being Statutory Appointees, to the provider's board without the association's consent.
- The regulator can issue a formal enforcement notice legally requiring the provider to appoint an external manager to take over day-to-day social housing operations.
- These interventions aim to quickly inject senior-level expertise in finance, legal, governance, and tenant safety into a failing entity to fix it from within.

For this reason the role of the RSH significantly limits the likelihood of MiPs being effected by Banks.

The RSH sets standards which registered providers of social housing must meet. Registered providers include local authorities and private registered providers of social housing (PRPSHs).

The regulatory framework includes:

- regulatory requirements
- codes of practice in relation to certain standards
- regulatory guidance in relation to the regulatory requirements and how they will be regulated

The regulatory requirements comprise consumer and economic regulatory standards. As referred to above, the RSH has enforcement powers if a registered provider does not meet a consumer or economic standard.

Affordable Housing Finance Sector

Referring to our submission dated 21st July 2026, RPs optimising their loan facility on their affordable housing stock is vital because it accelerates construction, lowers borrowing costs, and attracts private investors. Key considerations include financial flexibility, risk sharing, and long-term community stability. The UK affordable housing market is driven by debt finance which is currently being recapitalised by a diversified mix of equity and debt. We summarise various parties whose role is to support affordable housing through finance:

Central Government - provides longer-term funding certainty, who recognise that private capital is essential which improves investment credentials and lowers the cost of capital via the National Housing Bank and encourages institutional capital into funding affordable housing.

Homes England – now acts as an innovative capital structurer and strategic partner, not just a grant allocator, which can guarantee capital to unlock bank and institutional lending.

National Housing Bank – similar to Central Government, the National Housing Bank uses government backed financial tools to encourage private investment and unlock large-scale developments that the private market still considers risky. The National Housing Bank (‘NHB’) provides low-interest loans and guarantees which supports the recapitalisation of RPs which in turn supports development and retrofit.

The Social Housing Regulator - RPs are required by the Regulator to assess stock and hold granular data on homes. Investors now have more visibility over the assets they are funding or acquiring. Providers use regulatory scrutiny to strengthen governance, consumer standards and regain stronger ratings for financing where needed.

Banks & Debt Capital Markets - Across general lending, development finance and refinancing, banks are rewarding clarity, supporting structured ambition and distinguishing between managed risk and unmanaged exposure.

Institutional Capital - The role of institutional capital is evolving into stronger partnerships with government bodies, with increasing exposure to older and more diversified stock, with a shift toward off-balance-sheet equity models.

Private registered providers of social housing (PRPSHs) – the PRPSHs are becoming the bridge that connects global private capital to the UK's social housing needs, while moving further into long-term asset management and direct development.

Private Equity – there is growing interest in investing in a highly regulated sector and holding assets for longer, alongside increasing interest from overseas investors looking for a 'safe haven' for investment. Private equity players are beginning to provide platform-level capital to scale for-profit RPs and delivery vehicles, establishing RPs directly and looking to provide medium-term capital and potentially holding assets for longer.

Registered Providers – RPs are adopting greater openness to equity, partnerships, risk-sharing capital, stock sales and selective pipeline development where the financial case remains strong.

If providers are unable to acquire affordable housing at values that support scheme viability and optimise their borrowing facility, the funding gap ultimately re-emerges elsewhere in the housing sector. Developers therefore may require additional grant or alternative forms of public support, which risks reducing the overall efficiency of financing affordable housing.

Conclusion

It is acknowledged that the sector does experience distressed social housing providers, however Mr Pinnock does not provide examples of where MEC have been effected in distressed circumstances. At 6.1.8 Mr Pinnock refers to distressed disposals are not always straightforward and 6.2.2 refers to housing associations being 'rescued' by merging with other housing providers. We recognise that affordable housing valuation and financing is complex, however RPs can be saved by their partners. This prevents them from breaching the terms of their loans which in turn protects their tenants and properties, retaining them in the social housing sector and improving the housing stock.

The existing norm of a 3-month moratorium has been agreed by the PFWG to ensure a balance between i) protecting the affordable housing use and ii) a mortgagee optimising their borrowing abilities.

The RSH is introducing stronger regulation which continues to underpin investor confidence by reinforcing the sector's financial credibility, while also improving tenant experience and provider standards. The Regulator also constrains risk appetite within providers, as boards prioritise compliance, resilience and ratings stability. This creates a more disciplined but also more selective investment environment, in which capital is available, but increasingly targeted toward providers and schemes that can clearly evidence long-term viability under tighter regulatory scrutiny.

As valuers we are aware of the issues of commerciality in the RP section, having regard to the risk, liability and insurance which are closely linked. In light of MiP evidence not being available in the marketplace, RPs, valuers, Banks and solicitors take account of the higher degree of uncertainty and, consequently, banks loan to value ratio also reflects the risk and uncertainty. The valuation approach promotes a financial forecast identifying the specific assets and associated earnings, and the appropriate discount rate (cost of capital), which are usually estimated by reference to the weighted average cost of capital (WACC) or its components (cost of equity and cost of debt). The discount rate will depend on the nature and riskiness of the underlying asset.

The endeavours of optimising the purpose of the MiP are fundamental to the balance of protecting the affordable housing offer by enabling housing associations to secure the funds needed to build the homes required in the marketplace. There is a stronger shared purpose which is delivering more sustainable affordable housing at scale, with lasting social value which can only be offered by an improving finance market place.

Different approaches to MiP clauses by Councils has caused delay to S106 negotiations and uncertainty for Local Planning Authorities (LPAs) and the sector. This is relevant to the level of funding that RPs are able to secure against affordable housing units to fund the provision of additional affordable housing as part of their delivery programme.

Yours sincerely,

Giles Sutcliffe
RICS Registered Valuer
Director

For and on behalf of Savills (UK) Limited